

STATE OF SOUTH DAKOTA
SECRETARY OF THE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

IN THE MATTER OF THE PETITION OF
SPYGLASS CEDAR CREEK LP FOR
APPROVAL TO DRILL A HORIZONTAL WELL
IN THE EAGLE SAND FROM A SURFACE
LOCATION 1190 FEET FROM THE NORTH
LINE AND 1163 FEET FROM THE EAST LINE,
TO A BOTTOM HOLE LOCATION OF 2635
FEET FROM THE NORTH LINE AND 665 FEET
FROM THE EAST LINE OF SECTION 2,
TOWNSHIP 17 NORTH, RANGE 1 EAST,
HARDING COUNTY, SOUTH DAKOTA; AND
FOR APPROVAL TO DRILL AN EXCEPTION
LOCATION

NOTICE
OF
RECOMMENDATION

CASE NO. 11-2010

Notice is hereby given to the public and all interested persons that pursuant to South Dakota Codified Laws (SDCL) Chapter 1-26 and Chapter 45-9, the above described application has been filed with the Department of Environment and Natural Resources.

The Secretary recommends approval of the application with the following conditions:

1. The operator will comply with all applicable requirements of South Dakota Codified Laws 45-9 and Administrative Rules of South Dakota 74-10.
2. A 12-mil plastic liner will be used in the mud pit.
3. Surface runoff will be diverted around the drill site.
4. The surface hole will be drilled with fresh water.
5. Cement will be circulated to the ground surface on the surface casing.
6. After production casing is set, a cement bond log will be run and filed with the department.
7. If horizontally drilled:
 - A. The coordinates of the production casing shoe and the well terminus will be filed with the department.
 - B. The azimuth of the horizontal segment of the well will be filed with the department along with the results of periodic down hole surveys.
8. If abandoned, the following cement plugs will be set:
 1. A 100-foot cement plug immediately above the kick off point, if horizontally drilled.
 2. A 25-foot cement plug at the top of the surface casing.
9. Heavy, mud-laden fluid will be used between all plugs.
10. A washed set of sample cuttings (or cores, if cut) will be shipped to the state free of charge.
11. Please notify this office prior to plugging so a witness can be on location. If plugging will occur after regular work hours (8:00 a.m. to 5:00 p.m. MT), call Fred V. Steece at 605-343-8617 or Mack McGillivray at 605-341-0207.

The Secretary also recommends approval of the exception location because the well will be positioned near the crest of the Camp Crook anticline, which should allow the well to recover the maximum amount of the natural gas resource in the proposed location.

Authority for the Secretary to approve this application is contained in the Administrative Rules of South Dakota (ARSD) 74:10:03:01.01, 74:10:03:11 and 74:10:11.01. Unless a person files a petition requesting a hearing on the above described application pursuant to ARSD 74:09 on or before July 6, 2010, the Secretary's recommendation will be considered final, and the Secretary will approve the application in accordance with that recommendation.

The applicant's petition and notice of recommendation are also posted on the department's website at: <http://denr.sd.gov/des/og/oghome.aspx>. Additional information about this petition is available from Fred V. Steece, Oil and Gas Supervisor, Department of Environment and Natural Resources, 2050 West Main Street, Suite #1, Rapid City, SD 57702, telephone 605.394.2229, email fred.steece@state.sd.us.

Dated: May 18, 2010

A handwritten signature in black ink, appearing to read 'S. M. Pirner', with a long horizontal line extending to the right.

Steven M. Pirner
Secretary

Published twice at the total approximate cost of _____.